

Chile Formally Takes ITT Stake In Phone Firm

Action Called Step to Clear Way for Paying ITT; 'Meaningful' Talks Held

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The Chilean government formally expropriated the 70% interest in Chile Telephone Co. owned by International Telephone & Telegraph Corp., an action ITT described as a "procedural" step to clear the way for compensation to ITT.

The matter of compensation to ITT has been at issue between the big conglomerate, Chile and a U.S. government agency ever since 1971. That year, the Marxist Chilean government of the late Salvadore Allende "intervened" in the telephone company, taking over its operation without actually nationalizing it.

ITT attempted to negotiate with the Allende government, but also filed a \$95 million insurance claim with Overseas Private Investment Corp., a U.S. agency that insures U.S. companies' investments abroad. OPIC, however, rejected the claim in 1973, in the midst of charges by ITT's critics that ITT had plotted to influence Chilean elections and overthrow President Allende.

ITT then exercised its right to arbitration of the claim, and a panel of arbitrators decided last month that OPIC should pay. The actual amount of compensation hasn't been set, however.

President Allende's government was ousted in September 1973 by the present military regime, and he committed suicide.

The current government has published a decree in its official journal appropriating ITT's stock in the phone company, the Associated Press reported from Santiago. The government said it will reimburse ITT after negotiations.

ITT values its investment at \$153 million and submitted a claim for roughly 60% of that to OPIC.

In New York, an ITT spokesman said that the company is engaged in "meaningful negotiations" with the Chilean government and that the announced expropriation was "a procedural, legal step which clears the way for eventual compensation to ITT. . . ." He said the action relates only to the phone company and doesn't affect ITT's other properties in Chile. Those assets include two Sheraton hotels and international-communications services.

In Washington, an OPIC spokesman said settlement of ITT's claim against the agency would be held up until the company completes its negotiations with the Chilean government.

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